

**UNITED STATES BANKRUPTCY COURT  
FOR THE NOTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

In re: ) Chapter 11  
 )  
LIFE FUND, 5.1, LLC, et. al., ) Case No. 09-32672  
 ) (Jointly Administered)  
 )  
Debtors. ) Hon. A. Benjamin Goldgar  
 )  
 ) Date: October 25, 2010  
 ) Time: 9:30 a.m.

**NOTICE OF MOTION**

To: See attached Service List

PLEASE TAKE NOTICE that on **October 25, 2010 at 9:30 a.m.** or as soon thereafter as counsel may be heard, we will appear before United States Bankruptcy Judge A. Benjamin Goldgar, or any other judge sitting in his stead, in Courtroom 613 of the Dirksen Federal Building, 219 S. Dearborn St., Chicago, Illinois, on the attached **FIRST AND FINAL APPLICATION OF ARNSTEIN & LEHR LLP FOR ALLOWANCE OF FEES AND REIMBURSEMENT OF COSTS AS DEBTORS' COUNSEL**, at which time and place you may appear as you see fit.

**ARNSTEIN & LEHR LLP, counsel for  
Debtors**

By: /s/ Miriam R. Stein.  
One of their Attorneys

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**CERTIFICATE OF SERVICE**

I, Miriam R. Stein, hereby certify that I caused a copy of the following documents that were filed with the Clerk of the Bankruptcy Court on October 1, 2010:

1. FIRST AND FINAL APPLICATION OF ARNSTEIN & LEHR LLP FOR ALLOWANCE OF FEES AND REIMBURSEMENT OF COSTS AS DEBTORS' COUNSEL
2. COVER SHEET FOR APPLICATION FOR PROFESSIONAL COMPENSATION

to be served on the parties listed on the attached Service List by the Court's ECF system and/or U.S. Mail, postage prepaid, on October 1, 2010.

By: /s/ Miriam R. Stein.  
One of their Attorneys

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**UNITED STATES BANKRUPTCY COURT  
FOR THE NOTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

In re:	)	Chapter 11
	)	
LIFE FUND, 5.1, LLC, et. al.,	)	Case No. 09-32672
	)	(Jointly Administered)
	)	
Debtors.	)	Hon. A. Benjamin Goldgar
	)	
	)	Date: October 25, 2010
	)	Time: 9:30 a.m.

**FIRST AND FINAL APPLICATION FOR ALLOWANCE OF COMPENSATION AND  
REIMBURSEMENT OF EXPENSES FOR ARNSTEIN & LEHR LLP – COUNSEL TO  
THE DEBTORS**

Arnstein & Lehr LLP (“A&L”), counsel for the debtors Life Fund 5.1, LLC; Life Fund 5.2, LLC; Houston Tanglewood Partners, LLC; A&O Resource Management, LLC; A&O Life Fund, LLC; A&O Bonded Life Assets, LLC; A&O Bonded Life Settlement, LLC (collectively, “Debtors”), pursuant to 11 U.S.C. §§ 330 and 331, applies to this Court for entry of an order: (a) allowing as First and Final compensation the amount of \$85,461.50 for legal services rendered during the period September 1, 2009 through July 31, 2010 (“Application Period”); and (b) reimbursement to A&L in the amount of \$4,961.74 in expenses. In support of this Application, A&L states as follows:

**I. BACKGROUND**

1. On September 2, 2009 (“Petition Date”), the Debtors filed voluntary petitions for relief under Chapter 11, Title 11 of the United States Code (“Bankruptcy Code”).

2. On September 16, 2009, the Court entered an Order Directing Joint Administration of Related Chapter 11 Cases, which directed joint administration of the Debtors’ cases under Case No. 09-32672.

3. On September 16, 2009, the Court entered an order granting the United States Trustee's Motion to Appoint a Chapter 11 Trustee.

4. On September 18, 2009 United States Trustee William T. Neary issued a letter appointing Patrick M. Collins as Chapter 11 Trustee subject to approval by the Court, filed on September 21, 2009.

5. On September 21, 2009, the Court entered an Order approving the appointment of Patrick M. Collins as Chapter 11 Trustee (the "Trustee") of the Debtors' estates in each of the Debtors' chapter 11 cases.

6. On September 30, 2009, the Court entered an Order authorizing Debtors' Retention and Employment of A&L as Counsel for the Debtors retroactive to September 2, 2009, limited to the following purposes:

- a. representation of the Debtors for all bankruptcy matters prior to the appointment of a Chapter 11 Trustee including filing of the bankruptcy cases, preparation and filing of retention motion, preparation and filing of Debtors' motion to borrow against cash reserves of their insurance policies; appearances at Court hearings; and initial preparation of bankruptcy schedules;
- b. representation of the Debtors for bankruptcy matters subsequent to the appointment of a Chapter 11 Trustee limited to the following: (i) preparation of schedules; (ii) appearance at the Section 341 meeting of creditors at the request of the Chapter 11 trustee; (iii) working with the Chapter 11 Trustee to convey any and all documentation and information on behalf of the debtors; and (iv) all other work on behalf of the Debtors that is specifically requested by the Chapter 11 Trustee.

7. Pursuant to the retention order, A&L shall be compensated in accordance with the procedures set forth in Sections 330 and 331 of the Bankruptcy Code, the applicable Federal Rules of Bankruptcy Procedure, the Local Rules of this Court, and such other procedures as may be fixed by order of this Court. A copy of the retention order is attached hereto as Exhibit A.

## **II. A&L FEE AND EXPENSE REQUEST**

8. From September 2, 2009 through September 21, 2009 (the date of the Court's Order appointing the Chapter 11 Trustee), A&L rendered actual and necessary services to the Debtors which included filing of the bankruptcy cases, preparation and filing of retention motions, preparation and filing of Debtors' motion to borrow against cash reserves of their insurance policies; appearances at Court hearings; and initial preparation of bankruptcy schedules. Additionally, A&L answered and responded to numerous calls from creditors regarding their investments.

9. Subsequent to the appointment of a Chapter 11 Trustee on September 21, 2009, A&L rendered actual and necessary services to the Debtors at the request of the Chapter 11 Trustee. These services included the following:

- a. preparation of schedules and statements of financial affairs for each of the seven Debtors;
- b. review of all insurance policies held by the Debtors and the creation of a searchable database that included more than 54,000 pages of detailed information for each policy, investor and potential cash value for the estates;
- c. review and analysis of all bonds held by the Debtors and creation of spreadsheet highlighting policies where bond claims had already been made and policies allegedly in default;
- d. answering and responding to numerous calls from investors regarding the status of the bankruptcy cases and policies and the creation of a database of all calls received;
- e. numerous conferences with counsel for the Chapter 11 Trustee to discuss legal status of the Debtors, individual insurance policies, bond claims, status and contents of schedules, status of the bankruptcy cases and strategy in responding to investors' motions to dismiss and/or transfer venue;
- f. extensive preparation for and appearance at the § 341(a) meeting of creditors;
- g. advising the Debtors regarding the bankruptcy process and responding to several investors' motion for 2004 examination;

- h. multiple discussions with the Office of the United States Trustee regarding the § 341(a) hearing, bankruptcy schedules and status of the cases;
- i. revisions to the schedules and statements of financial affairs based on instructions from the Chapter 11 Trustee;
- j. appearances at multiple court hearings on behalf of the Debtors, including motion to appoint chapter 11 trustee, motion to dismiss chapter 11 cases and motion for 2004 exam;
- k. collaboration with the Chapter 11 Trustee to convey all documentation, databases and information on behalf of the Debtors; and
- l. all other work on behalf of the Debtors that was specifically requested by the Chapter 11 Trustee.

10. Itemized and detailed descriptions of the specific services rendered by A&L to the Debtors during this period are reflected in the billing statements attached hereto as Exhibit B and have a value of \$85,461.50 for which A&L is seeking compensation. The billing statements set forth the name of each attorney or paralegal, the amount of time expended rendering each service, the date on which each service was rendered, a description of the service rendered and the total number of hours of services rendered by each attorney or paralegal in each category.

11. The services rendered by A&L during the period September 1, 2009 through July 30, 2010 all fall into one category entitled: Restructuring. This category includes all of the services listed above. The time expended in this category is set forth below, and is summarized as follows.

Attorney / Professional	Specialty	Hours	Rate	Amount
Barry A. Chatz ("BAC")	Bankruptcy Partner	9.5	\$565.00	\$5,367.50
Becky L. Sutton ("BLS")	Paralegal	38.7	\$215.00	\$8,320.50
John C. Fuller ("JCF")	Paralegal	55.5	\$225.00	\$12,513.00



Kevin H. Morse ("KHM")	Bankruptcy Associate	17.5	\$255.00	\$4,462.50
Miriam R. Stein ("MRS")	Bankruptcy Partner	37.3	\$430.00	\$16,059.00
Robert A. McKenzie ("RAM")	Bankruptcy Associate	3.0	\$265.00	\$795.00
Thomas P. Yardley ("TPY")	Litigation Partner	99.8	\$380.00	\$37,944.00
<b>Totals</b>		<b>261.3</b>		<b>\$85,461.50</b>

12. The hourly rates listed above are customary and reasonable and are the same hourly rates charged to A&L's non-bankruptcy clients for various other matters.

13. There has been no duplication of services, either by partners or associates of A&L. When two or more attorneys participated in any activity, such joint participation was necessary as a result of either the complexity of the problems involved or the need to familiarize each attorney with the matters at issue so that each attorney could perform further necessary work.

14. A&L also seeks reimbursement for the reasonable costs and expenses incurred in providing the above-described services to the Debtors' estate. These expenses included, but were not limited to, copying costs at 10¢ per page, long distance costs relating to facsimile transmittals, long distance phone calls, messenger services, overnight delivery charges, electronic scanning and transfer of electronic databases from Texas and to Chapter 11 Trustee, and court filing costs. A&L has voluntarily reduced its copying charges from ¢.20 per page to ¢.10 per page, and has eliminated the cost of sending and receiving faxes (except for the long distance portion of outgoing faxes). Itemized and detailed descriptions of the costs and expenses for which A&L seek reimbursement are also listed on the attached Exhibit B.

16. A&L respectfully submits that the fees and expense reimbursement sought herein are reasonable given the nature, extent and value of the services rendered, the

quality and skill which the situation required, and the costs of comparable services in other cases under Chapter 11, and that time has been fairly and properly expended.

17. A&L expended a total of 261.3 hours for the services described above. The total value of the services and the allowance of compensation requested for those services is \$85,461.50. In addition, A&L has expended approximately ten (10) hours in the preparation, review and filing of this fee application. Using A&L's blended rate of \$327.06/hour for this matter, A&L requests an additional \$3,270.00 to cover the fees and costs associated with this final fee application.

18. Based on the hourly charges of A&L set forth above, A&L requests that the Court determine and allow it \$88,731.50 as compensation and \$4,961.74 for the reimbursement of reasonable out-of-pocket expenses pursuant to Section 330 and 331 of the Bankruptcy Code.

WHEREFORE, Barry A. Chatz, Thomas P. Yardley, and Miriam R. Stein and the law firm of Arnstein & Lehr LLP, respectfully request that the Court enter an Order:

- A. Awarding A&L \$88,731.50 as first and final compensation and \$4,961.74 in reimbursement of expenses as set forth herein pursuant to Bankruptcy Code Section 330 and 331;
- B. Finding notice as provided is sufficient under the circumstances; and
- C. Granting such other and further relief as the Court deems just and proper.

Dated: October 1, 2010

Respectfully submitted,  
Life Fund 5.1, LLC, et al.

By: /s/ Miriam R. Stein  
One of their Attorneys

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